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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

The securities described in this prospectus have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. The provision of this Prospectus to Shareholders in the United States and any other jurisdiction where distribution is restricted is for information purposes only and shall not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares or to take up any entitlements to the Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Summary of the Rights Issue - Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in this prospectus.

**Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.**

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### ARES ASIA LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 645)**

## RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

### Financial Adviser to the Company



### CLSA Capital Markets Limited

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Capitalised terms used on this cover shall have the same meanings as those defined in this prospectus.

**The Rights Issue is on a non-underwritten basis.** Pursuant to the Company's constitutional document, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment and/or waiver (where applicable) of the conditions of the Rights Issue as set out in the section headed "Letter from the Board - Rights Issue - Conditions of the Rights Issue" in this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:30 p.m. on Wednesday, 18 March 2020). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled and/or waived (where applicable) on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Friday, 21 February 2020. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 5 March 2020 to Thursday, 12 March 2020 (both dates inclusive).

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:30 p.m. on Wednesday, 18 March 2020) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.**

The latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares is 4:00 p.m. on Tuesday, 17 March 2020.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Letter from the Board - Rights Issue - Procedures for acceptance and payment or transfer" in this prospectus.

3 March 2020

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>EXPECTED TIMETABLE</b> .....	5
<b>SUMMARY OF THE RIGHTS ISSUE</b> .....	7
<b>LETTER FROM THE BOARD</b> .....	9
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b> .....	II-1
<b>APPENDIX III— GENERAL INFORMATION</b> .....	III-1

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:*

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Ares Asia Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 645);
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue;
“Final Acceptance Date”	Tuesday, 17 March 2020 (or such other date the Company may determine), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant;
“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by Reignwood in favour of the Company, the principal terms of which are disclosed in the section headed “Letter from the Board — The Irrevocable Undertaking” in this prospectus;
“Last Trading Day”	Tuesday, 11 February 2020, being the last full trading day before the release of the Company’s announcement dated 11 February 2020 on the Rights Issue;
“Latest Practicable Date”	26 February 2020, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MT”	metric tonnes;
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue (if any);
“Overseas Shareholder(s)”	the Shareholder(s) (whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside of Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders under the Rights Issue;

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## DEFINITIONS

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“Posting Date”	Tuesday, 3 March 2020 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Prospectus Documents”	this prospectus, the PAL and the EAF;
“Qualifying Shareholder(s)”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date;
“Record Date”	Monday, 2 March 2020 or on such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined;
“Registrar”	Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company;
“Reignwood”	Reignwood International Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability and the Controlling Shareholder of the Company;
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every two (2) Shares in issue on the Record Date at the Subscription Price;
“Rights Share(s)”	up to 171,058,467 new Shares (assuming no change in the number of Shares in issue on or before the Record Date) proposed to be allotted and issued under the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.335 per Rights Share under the Rights Issue;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“United States” or “USA”	the United States of America;
“US\$”	the United States dollars, being the lawful currency of the United States; and
“%”	per cent.

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the Rights Issue. Dates or deadlines specified below and in other parts of this prospectus are indicative only and may be varied by the Company. In the event that any special circumstances arise, the Board may extend, or make adjustments to, the timetable if it considers appropriate. The Company will notify Shareholders by way of announcement(s) of a change to the expected timetable as and when appropriate.*

All times and dates in this prospectus refer to Hong Kong local times and dates.

First day of dealings in nil-paid Rights Shares ..... Thursday, 5 March 2020

Latest time for splitting nil-paid Rights Shares..... 4:30 p.m. on  
Monday, 9 March 2020

Last day of dealings in nil-paid Rights Shares..... Thursday, 12 March 2020

Latest time for acceptance of and payment  
for the Rights Shares and for application  
and payment for excess Rights Shares ..... 4:00 p.m. on  
Tuesday, 17 March 2020

Latest time for the Rights Issue to become  
unconditional..... 4:30 p.m. on  
Wednesday, 18 March 2020

Announcement of the allotment results of the Rights Issue  
to be published ..... Wednesday, 25 March 2020

Despatch of refund cheques for wholly and  
partially unsuccessful excess applications..... Thursday, 26 March 2020

Despatch of share certificates of fully-paid  
Rights Shares ..... Thursday, 26 March 2020

Dealings in fully-paid Rights Shares commence ..... 9:00 a.m. on  
Friday, 27 March 2020

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as set out on page 5 of this prospectus if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoon as announced by the government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 17 March 2020. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 17 March 2020. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 17 March 2020, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) on any changes to the expected timetable as soon as practicable in such event.



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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

### RIGHTS ISSUE

#### Issue statistics

Basis of Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	342,116,934 Shares
Subscription Price	:	HK\$0.335 per Rights Share
Number of Rights Shares to be issued under the Rights Issue	:	Up to 171,058,467 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$1,710,584.67 (assuming no change in the number of Shares in issue on or before the Record Date)
Enlarged issued share capital upon completion of the Rights Issue	:	Up to 513,175,401 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up	:	Reignwood has undertaken to take up an aggregate of 91,229,763 Rights Shares under its assured entitlement (representing approximately 53.33% of the total Rights Shares proposed to be provisionally allotted by the Company) and to apply, by way of excess application, for an additional 79,828,704 Rights Shares pursuant to the Irrevocable Undertaking
Maximum funds raised before expenses	:	Up to approximately HK\$57.3 million (assuming all the Rights Shares will be taken up)

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## SUMMARY OF THE RIGHTS ISSUE

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Assuming no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, a total of 171,058,467 Rights Shares will, upon completion of the Rights Issue, be allotted and issued, representing: (i) approximately 50% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company has no outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of the conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” in this prospectus. Shareholders and potential investors of the Company should note that if the conditions of Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.**

**Any dealings in the Shares prior to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

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## LETTER FROM THE BOARD

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### **ARES ASIA LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 645)**

*Executive Directors:*

Ms. RUAYRUNGRUANG Woraphanit  
*(Chairlady and Chief Executive Officer)*

Mr. LAI Yi-Chun  
*(Also known as “Robert Lai”)*

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. CHANG Jesse  
Mr. NGAN Hing Hon  
Mr. YEUNG Kin Bond, Sydney

*Head Office and Principal Place of  
Business in Hong Kong:*

Level 96, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

3 March 2020

*To the Qualifying Shareholders, and, for information only, Non-Qualifying Shareholders*

Dear Sirs and Madams,

**RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES  
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

#### **INTRODUCTION**

Reference is made to the Company’s announcement dated 11 February 2020 whereby the Board announced that the Company proposed to conduct the Rights Issue to raise up to approximately HK\$57.3 million (before deducting professional fees and other related expenses) by issuing up to 171,058,467 Rights Shares at the Subscription Price of HK\$0.335 per Rights Share on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

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## LETTER FROM THE BOARD

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The purpose of this prospectus is to provide you with, among other things, (i) further details regarding the Rights Issue; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group; and (iv) the general information in respect of the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.335 per Rights Share
Number of Shares in issue as at Latest Practicable Date	:	342,116,934 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 171,058,467 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$1,710,584.67 (assuming no change in the number of Shares in issue on or before the Record Date)
Enlarged issued share capital upon completion of the Rights Issue	:	Up to 513,175,401 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up	:	Reignwood has undertaken to take up an aggregate of 91,229,763 Rights Shares under its assured entitlement (representing approximately 53.33% of the total Rights Shares proposed to be provisionally allotted by the Company) and to apply, by way of excess application, for an additional 79,828,704 Rights Shares pursuant to the Irrevocable Undertaking
Maximum funds raised before expenses	:	Up to approximately HK\$57.3 million (assuming all the Rights Shares will be taken up)

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## LETTER FROM THE BOARD

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Assuming no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, a total of 171,058,467 Rights Shares will, upon the completion of the Rights Issue, be allotted and issued, representing: (i) approximately 50.0% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

### **Subscription Price**

The Subscription Price of HK\$0.335 per Rights Share is payable in full when a Qualifying Shareholder accepts any of his/her/its provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 20.24% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.24% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.420 per Share;
- (iii) a discount of approximately 20.14% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.420 per Share;
- (iv) a discount of approximately 14.47% to the theoretical ex-rights price of approximately HK\$0.392 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 4.29% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

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## LETTER FROM THE BOARD

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- (vi) a premium of approximately 105.02% to the unaudited consolidated net asset value per Share of approximately US\$0.02 (equivalent to approximately HK\$0.16) (based on the latest unaudited consolidated net asset value of the Company of US\$7,213,000 (equivalent to approximately HK\$55,900,750) as at 30 September 2019 as disclosed in the interim report of the Company for the six-months ended 30 September 2019 and 342,116,934 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares prior to the announcement of the Rights Issue on 11 February 2020, the then current market conditions (including the fact that the average closing price of the Shares from 1 September 2019 to 31 December 2019, i.e. the last quarter before the announcement of the Rights Issue on 11 February 2020, was approximately HK\$0.463 and the average discounts to last closing prices prior to announcement of the 8 rights issues by Hong Kong listed issuers raising between HK\$26.3 million to HK\$67.2 million in 2019 was 27.08%), and the amount of funds (being HK\$52.7 million) the Company intends to raise under the Rights Issue.

The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ms. RUAYRUNGRUANG Woraphanit, being a director of both the Company and Reignwood, has voluntarily abstained from voting on the relevant Board resolutions approving the Rights Issue (including the Subscription Price).

### **Dilution effect**

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

Although the Rights Issue will potentially result in a theoretical dilution effect (within the meaning ascribed to it in Rule 7.27B of the Listing Rules) of approximately 6.7%, being the discount of the theoretical diluted price (as defined in note 1(a) to Rule 7.27B of the Listing Rules) of HK\$0.392 per Share to the benchmarked price (as defined in note 1(b) to Rule 7.27B of the Listing Rules) of HK\$0.420 per Share, the Directors consider that the interests of the Qualifying Shareholders will not be prejudiced given that:

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## LETTER FROM THE BOARD

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- (a) the Rights Issue which is to raise funds for the Group's operations provides the Qualifying Shareholders the opportunity to subscribe for their pro-rata Rights Shares which will enable them to maintain their shareholding interests in the Company (save for fractional entitlements) at a discount to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and
- (b) the Qualifying Shareholders who do not take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue are able to make excess applications for additional Rights Shares and/or acquire additional nil-paid Rights Shares in the market.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for the Rights Shares being applied for with the Registrar by 4:00 p.m. on the Final Acceptance Date.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder as at the close of business on the Record Date. The last day of lodging transfer of Shares with the Registrar in order to qualify for the Rights Issue was Monday, 24 February 2020.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

### **Rights of Overseas Shareholder(s) (if any)**

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue.

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## LETTER FROM THE BOARD

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According to the register of members of the Company as at the close of business on the Record Date, there were 9 Overseas Shareholders whose registered addresses were located in Australia, British Virgin Island, Canada, the PRC, the United Kingdom and the United States, holding 192,465,909 Shares in aggregate, representing 56.26% of the issued share capital of the Company as at the Record Date.

The Board has made due enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the legal restrictions under the laws of the aforementioned jurisdictions and the requirements of the relevant regulatory body or stock exchange in respect of the Rights Issue in such jurisdictions. Having considered the advice of its legal advisers as to the laws of the aforementioned jurisdictions, the Directors have formed the view that it is necessary or expedient to exclude the Overseas Shareholders whose registered address(es) are located in Canada and the United States due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in such jurisdictions and the additional steps the Company and/or the Overseas Shareholders in such jurisdictions need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with the relevant local legal or regulatory requirements in such jurisdictions. As at the close of business on the Record Date, there were 2 Non-Qualifying Shareholders and their respective shareholding in the Company as at the close of business on the Record Date is set out below:

<b>Jurisdiction in which the registered addresses of Non-Qualifying Shareholders were located</b>	<b>Number of Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding in the Company (%)</b>
Canada	1	200	0.00%
United States	1	212	0.00%

Based on the advice of the legal advisers in British Virgin Islands and the PRC, under the applicable legislations of these jurisdictions, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdiction, and as advised by the legal advisers in Australia and the United Kingdom, the Rights Issue meets the relevant exemption requirements under the relevant applicable legislations of the relevant jurisdiction so that the Company would be exempt from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions. Accordingly, the Board is of



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## LETTER FROM THE BOARD

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the view that it is expedient to extend the Rights Issue to the Overseas Shareholders having registered addresses in Australia, British Virgin Islands, the PRC and the United Kingdom and such Overseas Shareholders are considered as Qualifying Shareholders. Further, based on the relevant legal advice obtained, in respect of Overseas Shareholders having registered addresses in Australia and the PRC, your attention is drawn to the following statements:

**(a) Australia**

*“This prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (“Corporations Act”). It does not and is not required to, contain all the information which would be required under the Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investments Commission. The offering to which this prospectus relates is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 and ASIC Corporations (Foreign Small Scale Offers) Instrument 2015/362 issued by the Australian Securities and Investments Commission.”*

**(b) PRC**

*“If a Shareholder resident in the PRC wishes to invest in the Rights Shares (both in their nil-paid and fully-paid forms), he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and thus, should the Company suffer any losses and damages due to the non-compliance with the relevant laws of the PRC by any such Shareholder, the Shareholder shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Rights Shares (both in their nil-paid and fully-paid forms) to any such Shareholder, if the Company, in its absolute discretion, considers that issuing the Rights Shares (both in their nil-paid and fully-paid forms) to such Shareholder does not comply with the relevant laws of the PRC.”*

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of any person (including but not limited to Shareholders and beneficial owners of the Shares, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/

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## LETTER FROM THE BOARD

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itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Any acceptance of the offer of the Rights Shares by any person by way of completion or return to the Registrar of a PAL and/or an EAF will be deemed to constitute a representation and warranty from such person to the Company that the applicable local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties provisions above.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Notwithstanding any other provision in this prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars provided that the amount so payable is not less than HK\$100. The Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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## LETTER FROM THE BOARD

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### **Distribution of the Prospectus Documents**

The Company will only send this prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this prospectus, for information purposes only, to the Non-Qualifying Shareholders (if any). The Company will not send any PALs or EAFs to the Non-Qualifying Shareholders (if any).

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this prospectus or a PAL or an EAF in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company.

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## LETTER FROM THE BOARD

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Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expenses) can be obtained, and the Company will keep the net proceeds for its own benefit. Any unsold fractions of the Rights Shares will be aggregated and made available for excess application by the Qualifying Shareholders.

Having considered the number and market value as at the Last Trading Day of the odd lot of Shares arising from the Rights Issue (assuming all Qualifying Shareholders will take up their pro-rata entitlement in full) as well as the cost of appointment a designated broker to provide odd lot matching services, the Board considered that the cost of providing odd lot matching services may outweigh the benefits to the Shareholders and the Company as a whole. Therefore, no odd lot matching services will be provided.

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions

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## LETTER FROM THE BOARD

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printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by not later than 4:00 p.m. on Tuesday, 17 March 2020 (or, under bad weather conditions and/or extreme conditions, such later time and/or date as mentioned in the section headed “Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares and for Application and Payment for Excess Rights Shares” in this prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Ares Asia Limited — Rights Issue Account**” and crossed “**ACCOUNT PAYEE ONLY**”. No receipt will be issued in respect of any subscription monies received. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 17 March 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 9 March 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Shareholders are advised to study the procedures set out in the PAL carefully.

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## LETTER FROM THE BOARD

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If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this section is not fulfilled or, where applicable, waived at or before 4:30 p.m. on Wednesday, 18 March 2020 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 26 March 2020.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(i) to (iii) collectively referred to as “**Untaken Rights**”.

Application for excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the full amount payable for application for the excess Rights Shares, with the Registrar by not later than 4:00 p.m. on Tuesday, 17 March 2020 (or, under bad weather conditions and/or extreme conditions, such later time and/or date as mentioned in the section headed “Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares and for Application and Payment for Excess Rights Shares” in this prospectus). All remittances must be made by cheque or banker’s cashier order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**Ares Asia Limited — Excess Application Account**” and crossed “**ACCOUNT PAYEE ONLY**”. No receipt will be issued in respect of any application monies received.

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## LETTER FROM THE BOARD

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The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

It is noted that Reignwood has, pursuant to the Irrevocable Undertaking, irrevocably undertaken to the Company to apply, by way of excess application for an additional 79,828,704 Rights Shares.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company as at the Record Date. Accordingly, the investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to individual beneficial owners whose Shares are held by any such nominee company. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the

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## LETTER FROM THE BOARD

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beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar by 4:30 p.m. on Monday, 24 February 2020.

The Company reserves the right to treat as invalid any application for the excess Rights Shares where it believes that such application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on his application is expected to be returned to him in full without interest on or before Thursday, 26 March 2020 by means of cheques despatched by the Registrar by ordinary post at the risk of the Qualifying Shareholder to his registered address. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than what is applied for, the surplus application monies are also expected to be returned to him without interest on or before Thursday, 26 March 2020.

If any of the conditions of the Rights Issue as set out in the section headed “Letter from the Board — Rights Issue — Conditions of the Rights Issue” in this prospectus is not fulfilled or, where applicable, waived at or before 4:30 p.m. on Wednesday, 18 March 2020 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 26 March 2020.

The EAF is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any application monies received.

### **Cheques and banker’s cashier orders**

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL or an EAF together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL or EAF (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder’s assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.



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## LETTER FROM THE BOARD

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### **Beneficial owners' instructions to their Intermediary**

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 2,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

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## LETTER FROM THE BOARD

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Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for Rights Issues**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out in the section headed “Letter from the Board — Rights Issue — Conditions of the Rights Issue” in this prospectus, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 26 March 2020.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 26 March 2020 by ordinary post to the applicants’ registered address, at their own risk.

### **The Rights Issue is on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue as a result of Untaken Rights and such are not taken up by the Qualifying Shareholders (excluding Reignwood), Reignwood has, pursuant to the Irrevocable Undertaking, irrevocably undertaken to the Company to apply, by way of excess application, for an additional 79,828,704 Rights Shares. For further details, please refer to the section headed “Letter from the Board — The Irrevocable Undertaking” in this prospectus. No general offer obligation will be triggered by the Irrevocable Undertaking and the issue of Rights Shares to Reignwood pursuant to the Irrevocable Undertaking in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. There is no minimum amount to be raised under the Rights Issue. The legal advisers of the Company have confirmed that there are no statutory requirements under the laws of Bermuda and the laws of Hong Kong regarding minimum subscription levels in respect of the Rights Issue.

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## LETTER FROM THE BOARD

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As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of its entitlement under PAL or apply for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for its entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

For the avoidance of doubt, the above provision shall not apply to HKSCC Nominees Limited.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment or waiver (as appropriate) of each of the following conditions:

- (a) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than the Posting Date, each of the Prospectus Documents is duly certified in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus to the Non-Qualifying Shareholder(s), if any, and for information purposes only, on or before the Posting Date;
- (c) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

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## LETTER FROM THE BOARD

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- (e) compliance with and performance of all undertakings and obligations of Reignwood under the Irrevocable Undertaking in all material respects; and
- (f) there shall not have occurred and be continuing any of the following:
  - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affects the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or
  - (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
  - (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for conditions (e) and (f) above which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, and/or waived (where applicable) at or before 4:30 p.m. on Wednesday, 18 March 2020 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

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## LETTER FROM THE BOARD

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### THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, Reignwood, being a Controlling Shareholder of the Company, directly holds 182,459,527 Shares (representing 53.33% of the issued share capital of the Company as at the Latest Practicable Date).

On 11 February 2020, the Company received from Reignwood the Irrevocable Undertaking, pursuant to which Reignwood has irrevocably undertaken to the Company, among other things, to:

- (i) subscribe for 91,229,763 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 182,459,527 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents;
- (ii) ensure that the 182,459,527 Shares currently legally and beneficially owned by it will remain legally and beneficially owned by it on the Record Date; and
- (iii) to apply, by way of excess application, for an additional 79,828,704 Rights Shares.

The Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any other substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

**The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of the conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Letter from the Board — Rights Issue — Conditions of the Rights Issue” in this prospectus. Shareholders and potential investors of the Company should note that if the conditions of Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.**

**Any dealings in the Shares prior to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

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## LETTER FROM THE BOARD

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**Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company was closed from Tuesday, 25 February 2020 to Monday, 2 March 2020 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares was registered.

### SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders and there is no change in the number of Shares in issue on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and there is no change in the number of Shares in issue on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the Irrevocable Undertaking (Note 2))	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Reignwood (Note 1)	182,459,527	53.33	273,689,290	53.33	353,517,994	68.89
Public Shareholders	159,657,407	46.67	239,486,111	46.67	159,657,407	31.11
	<u>342,116,934</u>	<u>100</u>	<u>513,175,401</u>	<u>100</u>	<u>513,175,401</u>	<u>100</u>

Notes:

1. Dr. RUAYRUNGRUANG Chanchai holds 100% interest in Reignwood. According to the SFO, Dr. RUAYRUNGRUANG Chanchai is deemed to be interested in the Shares held by Reignwood.
2. Assuming no excess applications are made by Qualifying Shareholders other than Reignwood.

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## LETTER FROM THE BOARD

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### REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

#### Reasons for the Rights Issue

The Group is principally engaged in the coal trading business and mainly sells thermal coal originated from Indonesia, Russia and Australia to China. The Company focuses on developing businesses and clients that do not require the Group to commit its balance sheet to coal inventory. Accordingly, the Group utilises its knowledge of the specifications and quality of the commodity, its contacts both on the demand and supply sides of the market and its assessment of price/price trends to seek to meet its customers' needs by sourcing the supplies at the required quantity, specification and delivery period at the best available price from the Group's suppliers, which include coal mine owners, operators or their agents and offering the same to the Group's customers at an appropriate mark up in price and other settlement terms.

As disclosed in the annual report of the Company for the year ended 31 March 2019 and the interim report of the Company for the six months ended 30 September 2019, the Group has gradually been improving its gross profit margin and narrowing its net loss (compared with the corresponding prior year/ period). However, the cash and cash equivalents held by the Group as at 30 September 2019 were approximately US\$2.67 million compared to US\$3.85 million as at 31 March 2019, which constrains the Group's ability to grow its trading volume.

In the ordinary course of coal trading, the Group utilizes its banking facilities and available cash to make purchases (including paying deposits) to suppliers of coal that are sold to customers on a "back to back" contract basis which are settled through letter of credits issued by the customers' bank or telegraphic transfer. A typical contract for coal would range anywhere from US\$1.5 million to US\$10 million in value or involve 50,000 MT to 150,000 MT in volume. The Group's financial resources attributable to the contract value and ancillary expenses will accordingly be tied up for the period between the commitment of the Group's letter of credit facilities or cash for payment to its suppliers and the Group's receipt of payments from client or through discount of bills, limiting the Group's ability to make further purchases from its suppliers.

In view of the above, the cash resources available to the Group is a key factor to the Group's ability to increase both its revenue and profit margins. The prevailing unstable economic environment can limit the available trade facilities from banks, which in any event involve finance costs, and these trade facilities typically do not fund certain trade arrangements such as payment of cash deposits to mine owner suppliers that would enable the Group to source and secure coal supply at a lower price. Over the past few months, the Group has had to decline purchase orders from customers due to constraints on cash resources.

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## LETTER FROM THE BOARD

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In view of above, the Directors consider that a strong cash position is required for the quick replenishment of liquidity. With the additional cash of approximately HK\$52.7 million from the net proceeds of the Rights Issue, the Group will be in a better position to finance the working capital requirement of trading of coal and possibly other commodities and thus enhancing the overall trading capacity of the Group and to further improve its revenue and profits.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

### **The intended use of net proceeds**

Assuming there is no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, the expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<i>HK\$</i> <i>(approximately)</i>
Gross proceeds	57.3 million
Net proceeds (the “ <b>Net Proceeds</b> ”)	52.7 million
Net price per Rights Share	0.308

The Company intends to apply approximately HK\$47.4 million of the Net Proceeds (representing approximately 90% of the Net Proceeds) for funding trading of coal mainly and also other commodities in the ordinary course of the Group’s trading operations in order to enhance its overall trading capacity and the balance of approximately HK\$5.3



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## LETTER FROM THE BOARD

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million (representing approximately 10% of the Net Proceeds) for general working capital purposes (including administrative and operating costs of the Group). As explained in the paragraph headed “Reasons for the Rights Issue” in this section, the Group’s trading capacity invariably depends on the amount of financial resources available. The Board considers that the Net Proceeds will significantly improve the Group’s net current assets for this purpose given that the amount of the Net Proceeds nearly double the unaudited net current assets of the Group as at 30 September 2019. The Group will continue to utilise and seek to expand trade facilities available to its trading operations.

The use of Net Proceeds may be adjusted based upon the development of the Group’s business and its needs.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. However, if there shall arise any other potential investment opportunities or any change of the Group’s current circumstances and existing business plans and that Net Proceeds may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s) should note that their shareholdings will be diluted.**

### FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the Latest Practicable Date, the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertaking is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to Shareholders’ approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

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## LETTER FROM THE BOARD

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### TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### ADDITIONAL INFORMATION

Your attention is drawn to the financial information, unaudited pro forma financial information and general information of the Group as set out in the appendices to this prospectus.

By order of the Board  
**Ares Asia Limited**  
**RUAYRUNGRUANG Woraphanit**  
*Chairlady*

**1.      FINANCIAL INFORMATION**

Financial information of the Group for each of the three years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.aresasialtd.com](http://www.aresasialtd.com)):

- (a)    annual report of the Company for the year ended 31 March 2017 dated 23 June 2017 (pages 41 - 83)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0726/ltn20170726529.pdf>

- (b)    annual report of the Company for the year ended 31 March 2018 dated 29 June 2018 (pages 50 - 91)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727668.pdf>

- (c)    annual report of the Company for the year ended 31 March 2019 dated 26 June 2019 (pages 56 - 105)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726431.pdf>

- (d)    interim report of the Company for the six months ended 30 September 2019 dated 27 November 2019 (pages 3 - 20)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1213/2019121300675.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 January 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the total indebtedness of the Group amounted to approximately US\$12,420,000, details of which are set out below:

	<i>US\$ '000</i>
<b>Unsecured and unguaranteed:</b>	
Amount due to a fellow subsidiary	500
Discounted bills with recourse	11,633
Lease liabilities	287
	<hr/>
	12,420
	<hr/> <hr/>

As at 31 January 2020, the Group has unutilised banking facilities of US\$55,623,000 granted by certain banks in Hong Kong. The Group does not have any secured and/or guaranteed borrowing or debt as at 31 January 2020.

**Contingent liabilities**

As at 31 January 2020, the Group is involved in a legal claim relating to the disposal of certain former subsidiaries the operation of which were discontinued.

The Group ceased the operation of its footwear business in January 2013. Further, as disclosed in the Company's announcement dated 26 February 2014, the Company entered into a sale and purchase agreement (the "**agreement**") with Landway Investments Limited ("**Landway**"), a company wholly owned by a director of Brave Win Industries Limited ("**Brave Win**") to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the total issued share capital of Brave Win; (ii) the 1,000 shares of China Compass Investments Limited ("**China Compass**"), representing the entire issued share capital of China Compass; and (iii) the unsecured and interest free shareholder's loan in the principal amount of approximately US\$1,579,000 owed by China Compass to the Company, at a consideration of US\$3,200,000 (the "**Disposal**"). The Disposal was completed on 10 April 2014. The directors reviewed the representations and warranties provided by the Company to Landway as set out in the agreement and based on the review and professional advice obtained, it was considered that there was no breach of any of the representations and warranties.

On 23 March 2016, Landway filed a claim against the Company, which alleged that a former director of the Company made certain misrepresentations in the Disposal and filed a claim of US\$700,000 plus interest against the Company in the High Court of Hong Kong. The Company filed its defence on 24 May 2016 which denied the allegations made by Landway. On 7 September 2016, the Company issued a summons applying to strike out Landway's claim. The strike out application was unsuccessful as Landway amended its statement of claim on 13 March 2017 in response to the strike out application. The Company filed an amended defence on 28 April 2017 accordingly. Landway and the Company filed and exchanged factual witness statements on 20 March 2018. Landway further amended its statement of claim on 8 November 2018.

The trial of the action is due to commence on 7 December 2020. Based on the available evidence and the advice received from the Company's legal advisor as to the merits of Landway's claim, the directors of the Company are of the opinion that no provision in respect of the said claim is required to be made.

Save as abovementioned and apart from intra-group liabilities and normal payables in the ordinary course of business, as at the close of business on 31 January 2020, the Group did not have any outstanding mortgages, charges, debentures, or other loan capital or bank overdrafts, loans, debts securities or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments, or any guarantees or other material commitment or any material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the cash flows generated from the operating activities of the Group, the financial resources presently available to the Group including available bank facilities, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital to meet its requirements for at least the next 12 months from the date of this prospectus.

### **4. MATERIAL ADVERSE CHANGES**

The Directors confirm that, as at the Latest Practicable Date, save for the matters as disclosed in the Company's voluntary announcement of business updated dated 14 October 2019, they were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group was made up to.

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**APPENDIX I                      FINANCIAL INFORMATION OF THE GROUP**

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**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Set out below is a summary of the financial information of the Group for each of the three years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, as extracted from the relevant published annual/interim reports of the Company for the three years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively. For each of the three years ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2019, no dividend was declared or paid.

**(a) Operating results**

	<b>For the year ended 31 March</b>			<b>For the six months ended 30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2019</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)	(audited)	(unaudited)
Revenue	<u>254,358</u>	<u>198,669</u>	<u>198,348</u>	<u>57,202</u>
Profit/(loss) before taxation	131	(2,478)	(1,476)	(92)
Income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(loss) and total comprehensive income for the year/period	<u>131</u>	<u>(2,478)</u>	<u>(1,476)</u>	<u>(92)</u>
Earnings/(loss) per share				
— Basic and diluted	<u>0.04 cent</u>	<u>(0.72) cent</u>	<u>(0.43) cent</u>	<u>(0.03) cent</u>

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**APPENDIX I FINANCIAL INFORMATION OF THE GROUP**

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**(b) Assets and liabilities**

	As at 31 March		As at 30 September	
	2017	2018	2019	2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)	(unaudited)
Non-current assets	22	10	3	352
Current assets	<u>72,459</u>	<u>67,473</u>	<u>26,124</u>	<u>45,055</u>
Total assets	<u><u>72,481</u></u>	<u><u>67,483</u></u>	<u><u>26,127</u></u>	<u><u>45,407</u></u>
Non-current liabilities	—	—	—	154
Current liabilities	<u>61,223</u>	<u>58,703</u>	<u>18,823</u>	<u>38,040</u>
Total liabilities	<u><u>61,223</u></u>	<u><u>58,703</u></u>	<u><u>18,823</u></u>	<u><u>38,194</u></u>
Net assets	<u><u>11,258</u></u>	<u><u>8,780</u></u>	<u><u>7,304</u></u>	<u><u>7,213</u></u>
Total equity	<u><u>11,258</u></u>	<u><u>8,780</u></u>	<u><u>7,304</u></u>	<u><u>7,213</u></u>

During the six months ended 30 September 2019, the revenue generated from the coal trading business was approximately US\$57.20 million, representing the decrease of 53.98% or US\$67.09 million, as compared to the revenue of approximately US\$124.29 million for the six months ended 30 September 2018. The Group sold thermal coal originated from Indonesia, Russia and Australia to China, with a total volume of approximately 1.00 million MT as compared to approximately 1.63 million MT for the six months ended 30 September 2018. The decrease in revenue was primarily due to unstable economic environment and unfavorable trading factors including trade wars, the slowdown of China's economy, China's coal import restrictions and decrease in market prices for coal from Australia and Indonesia (being the Group's primary supplying countries).

The gross profit of the Group amounted to approximately US\$0.91 million for the six months ended 30 September 2019. No significant fluctuation was noted as compared to US\$0.93 million for the six months ended 30 September 2018

due to the net effect of (i) the decrease in sales volume as abovementioned; and (ii) the improvement of gross profit margin as the Group sought to bargain and achieve better gross profit in its coal trading transactions.

Selling and administrative expenses primarily consisted of employee benefits costs as well as rental and corporate expenses which amounted to approximately US\$0.62 million for the six months ended 30 September 2019, which decreased by US\$0.25 million as compared to US\$0.87 million for the six months ended 30 September 2018. Finance costs incurred during the period arose from the bills discounted which amounted to approximately US\$0.39 million for the six months ended 30 September 2019, which decreased by US\$0.07 million as compared to US\$0.46 million for the six months ended 30 September 2018. The decrease in selling and administrative expenses was mainly attributable to the combined effect of decrease in monthly rental expenses and legal and professional fees. The decrease in finance costs was mainly due to the decrease in sales volume.

The Group recorded a decrease in net losses attributable to the shareholders for the six months ended 30 September 2019 by about 75.60% as compared to that for the six months ended 30 September 2018 mainly due to the combined effect of (i) the decrease in sales volume but the improvement in gross profit margin; (ii) the decrease in selling and administrative expenses; and (iii) the decrease in finance costs.

For the six months ended 30 September 2019, the Group focused more on improving gross profit margin for its coal trading transactions and better cost control in its daily operations in order to reduce its net losses. In view of the uncertainties in the business environment and the signs of a global economic slowdown, the Group expects that various external factors including the trade wars, the slowdown of China's economy, China's coal import restrictions and the fluctuation of coal market prices may continue adversely to affect its business and overall short-term performance. The Group will closely monitor the impact of macro issues and trade dispute on its performance. The Group will also continue to be cautious in managing its business risk; be prepared to respond to changes in such business environment. The Group will carefully plan and formulate strategies to manage these factors. In addition, the Group will continue to focus on its coal trading business, seeking reliable and quality coal supply sources that enable its clients to extract maximum value from the Group's coal trading engagements.



**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2019.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2019, as extracted from the published interim report of the Company for the period ended 30 September 2019, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2019 <i>US\$'000</i> <i>(Note i)</i>	Estimated net proceeds from the Rights Issue <i>US\$'000</i> <i>(Note ii)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue <i>US\$'000</i>	Unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2019 <i>US\$</i> <i>(Note iii)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue <i>US\$</i> <i>(Note iv)</i>
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Rights Issue of 171,058,467

Rights Shares at subscription  
price of HK\$0.335 per Rights  
Share

7,213	6,795	14,008	0.021	0.027
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*Notes:*

- (i) The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2019 of approximately US\$7,213,000 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 September 2019 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2019 as extracted from the published interim report of the Company for the period ended 30 September 2019.
- (ii) The estimated net proceeds from the Rights Issue of approximately US\$6,795,000 is calculated based on 171,058,467 Rights Shares to be issued (in the proportion of one Rights Share for every two shares held as at the rights issue record date) at the subscription price of HK\$0.335 per Rights Share, after deduction of the estimated related expenses of approximately US\$600,000, assuming that the Rights Issue had been completed on 30 September 2019.
- (iii) The unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2019 is US\$0.021, which is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2019 of US\$7,213,000 and 342,116,934 shares in issue as at 30 September 2019.
- (iv) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue of US\$0.027 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue of US\$14,008,000 and 513,175,401 shares, which comprising 342,116,934 shares in issue as at 30 September 2019 and 171,058,467 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of one Rights Share for every two shares held as at the Rights Issue record date), that are in issue assuming that the Rights Issue had been completed on 30 September 2019.
- (v) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2019.

**B. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED  
PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a letter from the reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.*



**MAZARS CPA LIMITED**  
中審眾環(香港)會計師事務所有限公司  
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18 Harbour Road, Wanchai, Hong Kong  
香港灣仔港灣道18號中環廣場42樓  
Tel 電話: (852) 2909 5555  
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Email 電郵: info@mazars.hk  
Website 網址: www.mazars.hk

3 March 2020

The Directors  
Ares Asia Limited  
Level 96  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

Dear Sirs,

**ARES ASIA LIMITED  
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON  
THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ares Asia Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets attributable to the equity holders of the Company as at 30 September 2019 and related notes (the “**Pro Forma Financial Information**”) as set out in Appendix II to the prospectus dated 3 March 2020 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue of 171,058,467 rights shares at HK\$0.335 per rights share (the “**Rights Share**”) on the basis of one Rights Share for every two shares of the Company held on the rights issue record date (the “**Rights Issue**”) on the Group’s unaudited consolidated net tangible assets attributable to the equity holders of the Company as at 30 September 2019 as if the Rights Issue had taken place on 30 September 2019. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the period ended 30 September 2019, on which no audit, review or accountant’s report has been published.

### **Directors’ Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### **Reporting Accountants’ Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the entity, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

	Authorised shares	Shares in issue as at the Latest Practicable Date	Rights Shares to be issued pursuant to the Rights Issue (assuming full acceptance by the Qualifying Shareholders)	Rights Share to be issued pursuant to the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the Irrevocable Undertaking) (Note)	Shares in issue upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)	Shares in issue upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the Irrevocable Undertaking) (Note)
Total number of Shares/Rights Shares (as applicable)	36,000,000,000	342,116,934	171,058,467	171,058,467	513,175,401	513,175,401
Aggregate nominal value (HK\$)	36,000,000.00	3,421,169.34	1,710,584.67	1,710,584.67	5,131,754.01	5,131,754.01

*Note:* Assuming no excess applications are made by Qualifying Shareholders other than Reignwood.

All the Shares in issue are fully-paid and rank *pari passu* in all respects including as regards to dividends, voting rights and return of capital. All Rights Shares to be issued will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

The Company has applied to the Listing Committee for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares, and there was no arrangement under which dividends are/will be waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### **Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### **Interest of the substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief



executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the issued voting shares capital of any other member of the Group:

Name of holder of Shares/ underlying Shares	Capacity	Number of Shares held as at the Latest Practicable Date	Approximate % of total interests in the Shares in issue as at the Latest Practicable Date
Reignwood ( <i>Note</i> )	Beneficial owner	182,459,527 (Long)	53.33%

*Note:* Dr. Chanchai RUAYRUNGRUANG holds 100% interest in Reignwood. According to the SFO, Dr. Chanchai RUAYRUNGRUANG is deemed to be interested in the Shares held by Reignwood.

#### 4. LITIGATION

As at the Latest Practicable Date, save for the ongoing legal claim filed by Landway Investments Limited against the Company, the details of which are disclosed in the final results announcements of the Company dated 30 June 2016, 23 June 2017, 29 June 2018 and 26 June 2019 and interim results announcements of the Company dated 30 November 2016, 30 November 2017, 30 November 2018 and 27 November 2019, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

#### 5. MATERIAL CONTRACTS

As at the Latest Practicable Date, no material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years preceding the issue date of this prospectus and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole.

**6. DIRECTOR'S INTEREST IN CONTRACTS AND ASSETS**

- (i) None of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

**7. QUALIFICATION AND CONSENT OF THE EXPERT**

The following is the qualification of the professional adviser who has given opinion or advice contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Mazars CPA Limited	Certified Public Accountants

Mazars CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or references to its name in the form and context in which they respectively appear in this prospectus.

Mazars CPA Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Mazars CPA Limited does not and did not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE**

Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head Office and Principal Place of Business in Hong Kong	Level 96, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Authorised Representatives	Ms. RUAYRUNGRUANG Woraphanit Level 96, International Commerce Centre 1 Austin Road West Kowloon Hong Kong  Ms. LEUNG Pui Ki Room 619, Chevalier Commercial Centre 8 Wang Hoi Road, Kowloon Bay Kowloon Hong Kong
Company Secretary	Ms. LEUNG Pui Ki (ACS, ACIS) Room 619, Chevalier Commercial Centre 8 Wang Hoi Road, Kowloon Bay Kowloon Hong Kong
Financial Adviser to the Company	CLSA Capital Markets Limited 18/F, One Pacific Place 88 Queensway, Hong Kong

Legal Adviser to the Company as to the Rights Issue	Reed Smith Richards Butler 17th Floor, One Island East Taikoo Place 18 Westlands Road Quarry Bay, Hong Kong
Auditor and Reporting Accountants	Mazars CPA Limited 42nd Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong  Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road, Central Hong Kong
Principal Share Registrar and Transfer Office	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

**9. PARTICULARS OF DIRECTORS****(a) Name and address of the Directors**

<b>Name</b>	<b>Business Address</b>
<i>Executive Directors</i>	
Ms. RUAYRUNGRUANG Woraphanit	Level 96, International Commerce Centre, No. 1 Austin Road West Kowloon, Hong Kong
Mr. LAI Yi-Chun (Also known as “Robert Lai”)	Level 96, International Commerce Centre, No. 1 Austin Road West Kowloon, Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. CHANG Jesse	Level 96, International Commerce Centre, No. 1 Austin Road West Kowloon, Hong Kong
Mr. NGAN Hing Hon	Level 96, International Commerce Centre, No. 1 Austin Road West Kowloon, Hong Kong
Mr. YEUNG Kin Bond, Sydney	Level 96, International Commerce Centre, No. 1 Austin Road West Kowloon, Hong Kong

**(b) Name and address of the senior management**

The business address of the senior management disclosed in section 9(d) below is located at Room 619, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.

**(c) Profiles of the Directors***Executive Directors*

**Ms. RUAYRUNGRUANG Woraphanit (“Ms. RUAYRUNGRUANG”)**, aged 29, obtained her Bachelor’s Degree in Advertisement from Peking University in the PRC in 2013. Ms. RUAYRUNGRUANG is the daughter of Dr. Chanchai Ruayrungruang, the beneficial owner of Reignwood which is the controlling shareholder of the Company, interested in approximately 53.33% of the total issued share capital of the Company as of the date of this prospectus. Ms. RUAYRUNGRUANG, who is currently a director of several subsidiaries of Reignwood and companies owned by her family, was responsible for handling refinancing issues, maintaining relationships with banking partners, delivery of Reignwood’s strategic vision outside of the PRC, and managing European investment portfolio during the past five years. She joined the Company as an executive Director, the Chairlady, the Chief Executive Officer, an authorised representative of the Company (the “Authorised Representative”) under the Listing Rules and also the authorized representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong (the “Process Agent”) as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 5 January 2018. She is also currently a director of several subsidiaries of the Company.

**Mr. LAI Yi-Chun (also known as “Robert Lai”) (“Mr. LAI”)**, aged 53, graduated from Feng Chia University in the Republic of China in 1990 with a Bachelor’s Degree of Science in Land Management. Mr. LAI obtained his Master’s Degree in Business Administration from the USC Marshall School of Business in the USA in 1993. Mr. LAI has over 25 years of experience in financial analysis, fund management and project management especially in real estate. Mr. LAI is currently a deputy director and director of the international investment department of Reignwood Investment (China) Ltd., a wholly-owned subsidiary of Reignwood, responsible for pre-project management, financial analysis and modeling and supervising investment projects and implementing investment strategies since October 2010. He joined the Company as an executive Director on 1 November 2018. Mr. LAI is also a director of several subsidiaries of the Company.

*Independent Non-executive Directors*

**Mr. CHANG Jesse (“Mr. CHANG”)**, aged 64, is currently the managing partner of TransAsia Lawyers, a law firm licensed in the PRC and is also an arbitrator of Shanghai International Economic and Trade Arbitration Commission. Mr. CHANG graduated with a bachelor of laws degree and a bachelor of economics degree from The Australian National University and a master of laws degree from the Columbia University in New York. He has extensive experience in advising clients to implement market entry structures in highly regulated sectors in the PRC, such as aviation, media and IT. He has also been involved in corporate restructurings, mergers and acquisitions of numerous multinational companies particularly in industries related to media, IT as well as minerals and resources. He joined the Company as an independent non-executive Director on 9 June 2014.

**Mr. NGAN Hing Hon (“Mr. NGAN”)**, aged 62, is currently the audit partner of ZHONGHUI ANDA CPA Limited. Mr. NGAN graduated from the Chinese University of Hong Kong with a bachelor of business administration. He is an associate and practising member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. NGAN had worked in two international audit firms for approximately 4 years, and was then employed by several listed and private companies in Hong Kong as financial controller. Mr. NGAN has extensive experience in auditing, accounting and corporate finance. He joined the Company as an independent non-executive Director on 16 February 2011.

**Mr. YEUNG Kin Bond, Sydney (“Mr. YEUNG”)**, aged 46, is currently an executive director, group chief executive director and a member of the nominating committee of GSS Energy Limited (listed on the Singapore Exchange) since 31 October 2014. Mr. YEUNG is also a director of several subsidiaries of, and a commissioner of two subsidiaries of GSS Energy Limited. Mr. YEUNG is the founder director and shareholder of Roots Capital Asia Limited, a substantial shareholder of GSS Energy Limited. Mr. YEUNG has many years of experience in the financial industry, starting his career in the institutional equity division at Morgan Stanley New York and as the managing director of international trading at Van der Moolen, (listed on the New York Stock Exchange) a US securities specialist firm. Mr YEUNG is an active member of the Rotary Club in Singapore. He was an independent non-executive director of China Gaoxian Fibre Fabric Holdings Limited (listed on the Singapore Exchange) from 18 September 2013 to 6 January 2016. He joined the Company as an independent non-executive Director on 16 February 2011.

**(d) Profile of senior management**

**Ms. Leung Pui Ki (“Ms. Leung”)** aged 45, was appointed as authorised representative and company secretary of the Company on 19 February 2016. Ms. Leung graduated from the University of Hertfordshire in the United Kingdom with a Bachelor degree in Business Administration. She is an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and an associate member of the Hong Kong Institute of Chartered Secretaries. Ms. Leung has over 20 years of experience in corporate governance.

Save as disclosed above, none of the Directors or senior management had held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three years preceding the Latest Practicable Date. None of the management has any relationship with any Directors, the other members of the senior management, substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date.

**10. DIRECTOR’S SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which were not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

**11. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors, Controlling Shareholders or any of their respective associates (as defined under the Listing Rules) was engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

**12. EXPENSES**

The expenses in connection with the Rights Issue, including the fees of legal and financial advisers and auditors, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$4.7 million, which are payable by the Company.



**13. GENERAL**

The English language text of this prospectus and the other Prospectus Documents shall prevail over its Chinese language text, in case of any inconsistency.

**14. LEGAL EFFECT**

This prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

**15. BINDING EFFECT**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

**16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of this prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed “7. Qualification and Consent of the Expert” in this Appendix III, has been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (WUMP) Ordinance.

**17. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following will be available for inspection during normal business hours (other than Saturdays, Sundays and public holidays) at Level 96, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong from the date of this prospectus up to and including 14 days after the date of this prospectus:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for each of the three years ended 31 March 2017, 2018 and 2019;
- (iii) the letter from Mazars CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II to this prospectus; and
- (iv) the written consent referred to in the paragraph headed “7. Qualification and Consent of the Expert” in this Appendix III.